

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – DECEMBER 5, 2002

PRESENT: Chairman John Byrne and Commissioner Anthony Maiola; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; Michael Goclowski, Law Warehouse

EXCUSED: Commissioner Patricia Russell; George Tsiopras, Chief Accountant

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending December 1, 2002 shows retail sales were up about 64%, on-premise sales were also up 9.4%, off-premise sales were down –8.8, and total aggregate sales were up almost 43%. The traffic count increased by 5,100, and the average sale was up \$3.13.

The W-1 Total Weekly Sales Report confirms that total weekly sales for this past week were up about 43% or \$2,668,835, while they were up for the year by 5.48% or \$7,986,607. Wine sales show an increase of 38% or \$1,154,808 for the week, and also an increase of 9.62% or \$6,114,822 for the year. Sales of spirits for the week were also up for the week by 47.3% or \$1,514,028, as they were year-to-date by about 2.3% or \$1,876,422.

B. Budget Reports:

Looking at the Outstanding Depletions and Post-Offs as of December 3, 2002, there is one delinquent account with whom Accounts Payable has been in touch with on a regular basis.

The current W-6 Expense Budget Activity Variance Report shows that the year is at 42.74% complete, with total agency expenditures at 43.6%. A meeting was held with Liberty Mutual in Bedford relative to receiving more specific workman's compensation reports. A report should be received from Risk Management in January. Chairman Byrne asked that Craig take a look into Classes 48 Contractual Maintenance, 70 In-State Travel and 22 Rents and Leases, which are higher than last year, to make sure transfers will not be required.

There were two items on the last Governor and Council agenda regarding re-classifications, both of which were approved without questions.

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Craig has been conversing on a daily basis with Peter regarding gift cards. The contract has gone over to the Attorney General's office and will then be submitted to Governor and Council. Work is being done ACR to resolve any issues, which should be corrected by December 18th. Peter has assigned a project coordinator to work on this, as well as debit and credit. Following last week's meeting, a presentation was made by Anne Jordan of Paymatic which consisted of a general overview of the program and explained what they needed from the Commission. One of the first steps will be to identify the graphics, then decide what denominations, if any, will be on the cards.

Chairman Byrne asked where the Commission stood on credit cards for licensees. Mike Goclowski remarked that the application is available to provide for this. The Commission is waiting for the contract to be approved. Howard commented that Law has to add a link to their web site for authorization. The Chairman said this program should be available to licensees by the beginning of the new year. Craig said they are still waiting for responses from the brokers indicating whether or not they would use it.

Craig touched on several other administrative matters. The Annual Reports for 2002 have been sent over to Administrative Services and will be on the December 18th Governor and Council meeting. The maintenance contract for the HVAC system will become effective on January 1st. George is currently working on revenue enhancement projects for Store Operations and other areas. The financial software contract was forwarded to the Attorney General's office today and, hopefully, will be processed before the first Governor and Council meeting in January.

2. IT Reports

Howard said IT is currently working on a lot of small issues. Mapper hung up last night as it has two or three times before. Unisys has said that a larger available share of memory is needed. The system was taken down to get the memory [size changed](#), which took only a few minutes. The ship file [from Law Warehouse](#) had to be re-transferred [this](#) morning. Some improvements have been made [in the data line to Law recently](#). However, when a file is too big, it is not completely received. IT is [tuning](#) the new system to [get it to run](#) more smoothly.

II. MARKETING & SALES REPORTS

1. Store Operations

According to the W-8 Sales Analysis by Location report, total store sales increased over the same week last year by \$2,740,913.05 or 59.24%, which was due in part to the lateness of Thanksgiving this year.

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There was a meeting with Lott regarding the renovations projects at Store #34 Salem and Store #38 Portsmouth which will require them to do some shifting. The architect for the Portsmouth store is reviewing a list of priorities and should get back to the Commission within a week or so. The bids for the Salem store should also be back within a week or so. It will probably be March or April of next year before the work is completed.

Peter mentioned that the Power Ball jackpot was \$100 million, with an anticipated jackpot this coming Saturday of \$200 million. If there is no winner by Christmas Eve, there will be an estimated \$300 million in the jackpot.

a. New Year's Day – Wednesday, January 1, 2003:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve recommendations for store openings and staffing patterns for New Year's Day, January 1, 2003, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales, but that Stores #2 Chesterfield and Store #7 Littleton be added to the openings. The motion was unanimously adopted.

Mike Goclowski reported that Law is building an allocated module, but is experiencing some problems. There was discussion regarding allocated and restricted wines.

2. Purchasing Report

There are a few items on this week's out-of-stock report which have necessitated a call to the brokers involved. Grey Goose Vodka arrived yesterday, and the rest of the items are expected in shortly.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (Van Gogh Dutch Chocolate Vodka):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Martignetti Companies of N.H. for a new test marketing listing for Van Gogh Dutch Chocolate Vodka, 750ML size (assigned three-digit Code #765), as recommended by Rick Gerrish, Spirits Marketing

Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (2 Bertagnolli Grappas):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Martignetti Companies of N.H./Palm Bay Imports for a new test market listing for Bertagnolli Alexander Grappa, 750ML size (assigned four-digit Code #5164), but deny a new test market listing at this time for Bertagnolli Aquavite D, Uva, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Request (Frappin VSOP Cognac):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Martignetti Companies of N.H. for a new test market listing for Frappin VSOP Cognac, 750ML size (assigned four-digit Code #4811), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Test Market Request (Agavero Tequila Liqueur):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Martignetti Companies of N.H. for a new test market listing for Agavero Tequila Liqueur, 750ML size (assigned four-digit Code #5143), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. Test Market Result (Code #3973):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission grant a specialty listing to Code #3973, Red Army Vodka, 750ML size, as the product did earn a gross profit during a six-month test market period which exceeds the amount required for specialty status, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. Test Market Result (Code #3536):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission delist Code #3536, Viking Fjord Vodka, 750ML size, which failed to earn the gross profit required for full distribution and for specialty status during a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Line Extension Requests:

a. Line Extension (Chivas Regal Scotch, 50ML):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from United Beverages, Inc./Pernod Ricard USA for a line extension on Chivas Regal Scotch, 50ML size (assigned four-digit Code #2615), as this brand in three other sizes have each exceeded their respective gross profits required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Line Extension (Wild Turkey 80 Proof Bourbon, 1.75L):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from United Beverages, Inc./Pernod Ricard USA for a line extension on Wild Turkey 80 Proof Bourbon, 1.75L size (assigned four-digit Code #8085), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Line Extension (McClellands Highland Single Malt, 1.75L):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a request from Horizon Beverage Company/White Rock Distilleries for a line extension on McClellands Highland Single Malt, 1.75L size (assigned four-digit Code #2696), as this brand in the 750ML size has exceeded the gross profit required for an added size listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) January Special Offers (9 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve special offers from United Beverages, Inc., based upon special purchase allowances on nine (9) spirit items, to be featured on sale during January 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

- 1) Close Out:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve close out sales for five (5) wine products to deplete remaining inventory, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Rapitalla Offer:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a special offer from United Beverages, Inc., based upon special purchase allowances and depletions of two (2) Rapitalla wines, to be featured on sale during January 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offer on Montes Wines:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve a special offer from Perfecta Wine Company, based upon special purchase allowances and depletions of four (4) Montes wines, to be featured on sale during January and February 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Primary Source Submissions (17 items – exclusive agent; 28 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve the listing of seventeen (17) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty-eight (28) wine codes which are not from primary source, but are

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imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS – None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission approve all previously reviewed requests for bailment releases/transfers dated November 22 through December 5, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

/D. Hartford